

NEWSLETTER

Vol. XIV No. 7
July 1990

Unemployment Rate

Seasonally Adjusted
May *

ARIZONA	-	5.9%
Maricopa Co.	-	4.7
Pima Co.	-	4.6
United States	-	5.3

Consumer Price Index

U.S. - May 1990
Base = 1982-84

Wage Earner/Clerical Worker	-	127.5
% Chg. Year Ago	-	4.1
All Urban	-	129.2
% Chg. Year Ago	-	4.4

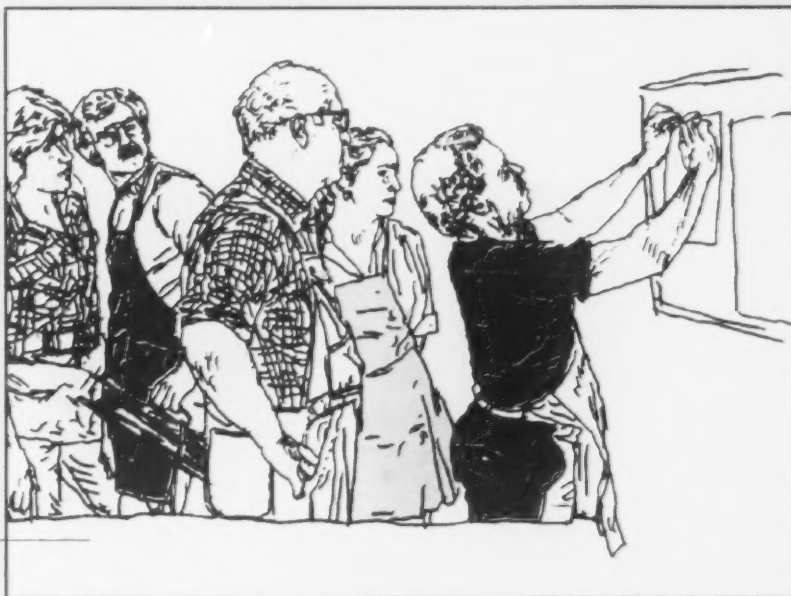
Phoenix - 2nd Qtr 1990
Base = 1982-84

All Urban	-	131.8
% Chg. Year Ago	-	4.7

Tucson - 2nd Qtr 1990
Base = 1982-84

All Urban	-	127.5
% Chg. Year Ago	-	1.8

* Preliminary

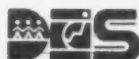


Tracking Mass Layoffs

*BLS Program Compiles Data on Actions
Affecting 50 or More Employees*

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Arizona Department of Economic Security
— Moving People Toward Self-Sufficiency

Mass-Layoff Events in U.S. Increased 14% in '89

Manufacturing Hit Hardest, BLS Reports; Arizona Bucks Trend, Has 12% Drop

In 44 states that compiled data, mass layoffs in 1989 increased 14.2 percent over 1988, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) reported in June. In Arizona, however, the number of mass layoffs last year declined 12 percent over '88, while the number of workers affected by mass layoffs declined 4.5 percent.

A total of 2,341 U.S. establishments reported 2,762 mass-layoff actions last year resulting in the separation of 572,143 workers, with 13 percent of the layoff events reflected in the closure of the establishment, BLS reported. Additionally, the number of separations rose by 22.9 percent over 1988, while the average number of separations per mass layoff was nearly 7 percent higher in '89 (207 workers) versus '88 (192 workers).

In Arizona, 53 establishments reported 67 mass-layoff actions last year involving 16,255 separations, compared to the prior year when 55 establishments reported 76 mass layoffs involving 17,197 separations. Also declining in '89 was the average number of separations per layoff, going from 243 in '88 to 226 last year.

BLS data, collected as part of the Mass Layoff Statistics (MLS) program, cover layoffs of at least 31 days duration, involving 50 or more individuals who filed initial claims for unemployment insurance during a consecutive three-week period. The MLS program is a federal-state cooperative project that uses a standardized, automated approach to identifying, describing, and tracking the effect of major job cutbacks. (Additional information about the MLS program appears in the "Definitions" section.)

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Industry Distribution of Layoffs

As in 1988, just more than half of U.S. mass layoffs last year were in manufacturing (table 1), and more than half of the manufacturing layoffs occurred in durable goods. Three out of 10 separated factory workers were from the transportation equipment and electrical machinery industries; in these two industries combined, about 15 percent of the workers separated were from industries identified as "defense-related."

Layoffs in non-durable goods continued to be heavily concentrated in the food processing and apparel industries.

In the U.S. non-manufacturing industries, layoffs continued to be concentrated primarily in construction, trade, and services, with layoffs down over-the-year in mining; and finance, insurance, and real estate (FIRE).

Compared with 1988, however, the largest increase in layoff activity was in transportation, communications and public utilities (TCPU), much of which stemmed from the secondary impacts of labor-management disputes in the airline and telephone communications industries. (Workers who are directly involved in a labor dispute

are excluded from the mass-layoff statistics.)

The non-manufacturing sector was responsible for most of the mass layoffs (46.3 percent) in Arizona in 1989, versus manufacturing (28.3 percent) and agriculture (25.4 percent). This compares with a breakdown in '88 of 48.7 percent for non-manufacturing, 26.3 percent for manufacturing, and 25.0 percent for agriculture.

In both years, almost all of the mass-layoff events in Arizona's manufacturing industry occurred in the durable-goods sector (table 2), while non-manufacturing was led each year by two groups, services and trade. In both '88 and '89, however, services and TCPU accounted for the largest number of separations from mass layoffs. (Specific industry data in Arizona is limited because of confidentiality regulations guarding the privacy of business establishments.)

Reasons for Layoff

"Seasonal work" and "contract completion" accounted for
(Continued on page 3)

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about two-fifths of both the U.S. layoff events and separations. These types of layoffs are generally anticipated. "Slack work" accounted for another quarter of the layoff events (and 18 percent of all workers separated).

Most seasonal layoffs were in the services industry and in food processing within manufacturing, and contract completion was reported primarily by construction companies. Slack work was cited most by manufacturing firms, especially electrical equipment, machinery, and transportation equipment.

In this state, seasonal work (37.3 percent) was the primary reason given for mass layoffs in '89, with four other categories — contract completion, slack work, "other reasons," and "not reported" — each accounting for 12 to 13 percent of the responses. The year before, employers did not report reasons for more than half of the 76 layoff actions, with seasonal work accounting for 21.1 percent of the events.

Size of Layoff

Thirty-six percent of the country's mass-layoff events in '89 involved fewer than 100 workers; 23 percent involved 100 to 149 workers; and 25 percent affected 150 to 299 workers. Only 16 percent of the layoffs involved 300 workers or more. The average number of separations per layoff event ranged from 401 in TCPU to 154 in

Table 1. Industry Distribution of U.S. Mass-Layoff Events and Separations, 1989

Industry	Establishments	Layoff Events			Separations
		Total	New	Related to Prior Layoffs	
Total, All Industries ¹	2,341	2,762	2,540	222	572,143
Agriculture	60	69	69	19,447	9,010
Nonagriculture	2,281	2,693	2,471	222	552,696
Manufacturing	1,217	1,416	1,309	107	269,596
Durable Goods	6807	977	37	-60	159,972
Nondurable Goods	537	619	572	47	109,624
Nonmanufacturing	1,064	1,277	1,162	115	283,100
Mining	49	57	51	6	12,630
Construction	324	427	357	70	65,732
Transportation, Communications, and Public Utilities	150	169	160	9	67,797
Wholesale and Retail Trade	227	257	246	11	59,283
Wholesale Trade	63	75	74	1	13,874
Retail Trade	164	182	172	10	45,409
Finance, Insurance, and Real Estate	28	29	27	2	5,189
Services	227	256	243	13	53,450
Government	59	82	78	4	19,019

1. Forty-four of 50 states participated in the study in 1989

Source: U.S. Department of Labor, Bureau of Labor Statistics, June 1990

construction. No data is available on the size breakdown of Arizona's mass layoffs.

Characteristics of Claimants

In 1989, 443,082 initial claims for unemployment were filed due to mass layoffs in the 44 reporting states. Of these claimants, about 8 percent were Hispanic, 42 percent were women, and 13 percent were at least 55 years old. In the 38 states for which data on blacks were available (Arizona was not one), blacks comprised 16 percent of the group.

The racial breakdown of mass-layoff events in Arizona showed 33.8 percent of those filing claims for unemployment were of Hispanic origin, while 32.4 percent were American Indians. The high percentage of Indians — who make up only 5.6 percent of Arizona's population — was due to the seasonal nature of much of the Indian population's jobs. Other characteristics of those laid off were: 47.8 percent were women and 24.8 percent were persons age 55 and over.

(Continued on page 4)

Table 2. Industry Distribution of Arizona Mass-Layoff Events and Separations, 1988 and 1989

Industry	Establishments		Layoff Events						Separations	
			Total		New		Related to Prior Layoffs			
	'89	'88	'89	'88	'89	'88	'89	'88	'89	'88
Total, All Industries	53	55	67	76	66	74	1	2	16,254	17,197
Agriculture	14	14	17	19	17	19	0	0	4,837	3,107
Nonagriculture	39	41	50	57	49	55	1	2	11,417	14,090
Manufacturing	17	16	19	20	18	19	1	1	2,464	3,537
Durable Goods	x	12	x	16	x	15	x	1	x	3,124
Nondurable Goods	x	4	x	4	x	4	x	0	x	413
Nonmanufacturing	22	25	31	37	31	36	0	1	8,953	10,553
Mining	0	x	0	x	0	x	0	x	0	x
Construction	x	4	x	7	x	7	x	0	x	1,010
Transportation, Communications, and Public Utilities	x	4	x	5	x	4	x	1	x	3,016
Wholesale and Retail Trade	7	8	7	11	7	11	0	0	1,600	1,310
Wholesale Trade	x	x	x	x	x	x	x	x	x	x
Retail Trade	x	x	x	x	x	x	x	x	x	x
Finance, Insurance, and Real Estate	x	x	x	x	x	x	x	x	x	x
Services	8	6	13	9	13	9	0	0	4,825	3,945
Government	x	x	x	x	x	x	x	x	x	x

x = Non-published due to U.S. Department of Labor, Bureau of Labor Statistics' disclosure rules

Source: Arizona Department of Economic Security, Research Administration, June 1989 and April 1990

x = Non-published due to U.S. Department of Labor, Bureau of Labor Statistics' disclosure rules

Source: Arizona Department of Economic Security, Research Administration, June 1989 and April 1990

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Geographic Distribution

The nine states that had 100 or more layoff actions in '89 accounted for half of the total actions in the 44 reporting states. Pennsylvania, with 254 layoff events, led the states, followed in order by Illinois (190), Texas (185), Wisconsin (157), Minnesota (148), Alabama (121), Florida (115), New York (102), and Georgia (100). States not participating in the study were California, Maryland, Michigan, North Dakota, Ohio, Oregon, and Wyoming.

Arizona's 67 layoff events last year ranked the state 17th in number of actions, but Arizona had the 14th highest number of separations. In 1988, among 42 states that collected data, Arizona had the 10th highest number of layoff actions and was sixth in terms of number of separations.

Definitions:

Establishment — A unit at a single physical location

where predominantly one type of economic activity is conducted.

Initial claimant — A person who files any notice of unemployment to initiate a request either for a determination of entitlement to, and eligibility for compensation, or for a subsequent period of unemployment within a benefit year or period of eligibility.

Layoff — The separation of persons from an employer as part of a mass layoff event. Such layoffs involve both persons subject to recall and those who are terminated by the establishment. (Information is not available on the breakdown between those who are recalled and those who do not return to their old jobs.)

Note: Arizona data on mass-layoff events for the first half of 1990 will be published in the August issue of the Arizona LMI Newsletter.

—U.S. Department of Labor,
Bureau of Labor Statistics,
and DES, Research Administration

Employee Compensation Averages \$15 Per Hour in Private Industry

Employer costs for employee compensation in private industry averaged \$14.96 per hour worked in March 1990, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) reported in June. Breaking out the compensation rate, straight-time wages and salaries averaged \$10.84 (72.4 percent of the costs), while benefit costs averaged \$4.13 (27.6 percent).

Data reported by BLS on employer costs for employee compensation cover all occupations in private industry, excluding farms and households. BLS publishes these cost levels once a year with the payroll period including March 12 as the reference period.

Legally required benefits (e.g., social security, workers' compensation, unemployment insurance) averaged \$1.35 per hour worked, or 9.0 percent of total compensation costs. Of that total, social security cost employers an average of 89 cents per hour worked, or 6.0 percent of all compensation costs.

Other important benefit categories and their average costs per hour worked were: paid leave (\$1.03), insurance (92 cents), retirement and savings (45 cents), and supplemental pay (37 cents), which includes premium pay for overtime, shift pay, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases.

Compensation costs varied widely by industry and occupational group, union status, and geographic region, the BLS report shows.

Compensation costs averaged more for workers in goods-producing industries (\$17.55 per hour worked) than for those in service-producing industries (\$13.97). Among service-producing industries, compensation costs ranged from \$8.52 in retail trade to \$21.48 in transportation and public utilities. In goods-producing industry groups, compensation costs were \$15.59 in nondurable goods manufacturing and \$18.56 in durable goods manufacturing.

Among occupational categories, average compensation costs were higher for white-collar workers (\$17.59) than for blue-collar workers (\$14.57) and service workers (\$7.66). However, the level of compensation varied considerably by occupational

group within the blue-collar and white-collar categories. No breakdown in compensation costs for various service occupational categories (e.g., protective service or food service occupations) is available.

In all private industry, benefits made up a larger proportion of compensation costs for blue-collar workers as a whole (31.1 percent) than for white-collar workers (26.2 percent) and service workers (23.8 percent). Benefits also accounted for a larger proportion of total compensation costs for blue-collar workers than for white-collar workers within both goods- and service-producing industries.

In goods-producing industries, benefits made up 32.3 percent of compensation costs for blue-collar workers, compared with 28.4 percent for white-collar workers. The corresponding proportions in service-producing industries were 29.2 percent and 25.6 percent.

Compensation costs averaged more for union workers (\$18.78) in private industry than for nonunion workers (\$14.22). In addition, benefits made up a larger proportion of compensation costs for union workers (33.6 percent) than for nonunion workers (26.0 percent).

Compensation costs varied by region, ranging from \$17.02 in the Northeast to \$13.22 in the South. The proportion of compensation costs made up of benefits, however, was similar among the four regions, ranging from 26.4 percent in the South to 29.0 percent in the Midwest.

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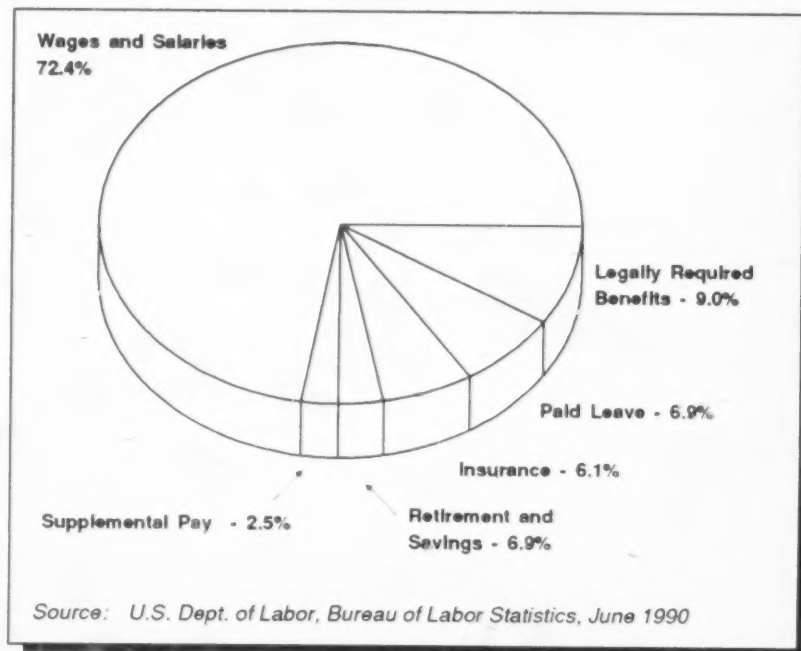


Figure 1. Percentage Breakdown of Employee Compensation for Private Industry, March 1990

Table 1. Employee Compensation Costs Per Hour Worked by Occupational Categories, Private Industry, March 1990

Compensation Component	All Workers in Private Industry		White-Collar Workers		Blue-Collar Workers		Service Workers	
	Cost	Pct.	Cost	Pct.	Cost	Pct.	Cost	Pct.
Total compensation	\$14.96	100.0	\$17.59	100.0	\$14.57	100.0	\$7.66	100.0
Wage rate	10.84	72.4	12.99	73.8	10.04	68.9	5.84	76.2
Total Benefits	4.13	27.6	4.60	26.2	4.53	31.1	1.82	23.8
Paid Leave	1.03	6.9	1.35	7.7	.86	5.9	.36	4.7
Vacations	.51	3.4	.65	3.7	.46	3.1	.19	2.4
Holidays	.34	2.3	.45	2.6	.30	2.1	.11	1.4
Sick leave	.13	.9	.19	1.1	.07	.5	.06	.7
Other leave	.04	.3	.06	.4	.03	.2	.	.
Supplemental pay	.37	2.5	.34	1.9	.53	3.6	.12	1.6
Premium pay	.17	1.1	.09	.5	.34	2.3	.05	.7
Shift pay	.05	.3	.04	.2	.06	.4	.03	.4
Nonproduction bonuses	.16	1.0	.21	1.2	.13	.9	.04	.5
Insurance	.92	6.1	1.02	5.8	1.03	7.0	.38	4.9
Retirement and savings	.45	3.0	.54	3.1	.47	3.2	.13	1.7
Pensions	.36	2.4	.40	2.3	.41	2.8	.11	1.4
Savings and thrift	.09	.6	.14	.8	.06	.4	.02	.3
Legally required	1.35	9.0	1.34	7.6	1.62	11.1	.82	10.8
Social security	.89	6.0	1.04	5.9	.87	6.0	.49	6.5
Federal unemployment	.03	.2	.03	.2	.03	.2	.03	.4
State unemployment	.09	.6	.09	.5	.12	.8	.07	.9
Workers' compensation	.31	2.1	.16	.9	.56	3.9	.22	2.9
Other benefits	.	.	.	.	.02	.2	.	.

* = Cost per hour worked is \$0.01 or less

Source: U.S. Department of Labor, Bureau of Labor Statistics, June 1990

(Continued from page 5)

Notes:

1. Employer costs for employee compensation is a measure of the average cost per employee hour worked to employers for wages and salaries and benefits.
2. Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by the corresponding hours.
3. Benefits covered in the BLS report were:

Paid leave — paid vacations, holidays, sick leave, and other leave.
Supplemental pay — premium pay for overtime and work on weekends and holidays, shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases.

Insurance benefits — life, health, and sickness and accident.

Retirement and savings benefits — pension and other retirement plans and savings and thrift plans.

Legally required benefits — social security, railroad retirement and supplemental retirement, railroad unemployment insurance, federal and state unemployment insurance, workers' compensation, and other benefits required by law, such as state temporary disability insurance.

Other benefits — severance pay and supplemental unemployment plans.

Note: More information on the cost levels, including how the costs are calculated, appears in the article "Analyzing Employers' Costs for Wages, Salaries, and Benefits" in the October 1987 issue of the Monthly Labor Review.

—U.S. Department of Labor,
Bureau of Labor Statistics

Child-Care Bill Tops Labor Laws Enacted in '90 Session

In terms of labor-related issues, probably only one watershed bill — and it was somewhat watered down — came out of the 1990 Arizona legislative session. However, the Legislature did pass a significant number of bills covering a wide variety of areas, many of which improved the lot of the average worker in this state.

By far, the most significant piece of legislation enacted — and receiving the most media attention — was a law that offers tax credits to companies providing day-care facilities and services to employees (H.B. 2067).

Although the final bill was scaled down from original plans, the day-care law still offers businesses tax credits of: either the lesser of \$15,000 or 50 percent of the cost to acquire or construct dependent day-care facilities; or the lesser of \$4,800 or 30 percent of net costs incurred to operate a facility, pay employees for expenses they incur, or provide information and referral services to assist employees in finding day care. The law, which takes effect January 1991 and ends with the 1994 tax year, also denies tax credits if the day-care center is operated at a profit.

Regarding a hot topic in Arizona — economic development — the Legislature passed two bills that increased the scope of previously passed legislation.

S.B. 1090 allows the state Department of Commerce to establish full-time trade offices in Europe and Mexico and part-time offices in Japan and Canada, as well as full-time tourism offices in all of these places. Trade and tourism offices were established previously in Taiwan.

Another bill (S.B. 1351) adds tribal governments to other entities — state and local government, and private enterprise — receiving financial aid under the Omnibus Economic Development Act passed in 1989. The law also establishes a small-business development center network made up of development programs run by each community college district.

Table 1. Highlights of Labor Bills Passed by the 1990 Arizona Legislature

- ✓ **H.B. 2067** — Gives tax credits to businesses that construct or operate child-care facilities, or help pay or refer employees for child care.
- ✓ **S.B. 1090** — Establishes full-time trade offices in Europe and Mexico and part-time offices in Japan and Canada, and full-time tourism offices in all of these places.
- ✓ **S.B. 1186** — Extends the age dependents can receive death benefits from worker's compensation, provided recipients are still attending an accredited educational institution.
- ✓ **S.B. 1187** — Makes it easier for workers' compensation claimants to receive emergency surgery for a previous compensation injury.
- ✓ **S.B. 1188 and S.B. 1189** — Gives Industrial Commission of Arizona more enforcement power in settling claims for employees when employers or insurers act in bad faith.
- ✓ **H.B. 2592** — Raises the maximum weekly benefit for unemployment insurance and the amount of income that can be earned without affecting the benefit amount.
- ✓ **H.B. 2122** — Expands coverage of the "whistleblower" statute to include officers and employees of commissions, agencies, boards, universities, community colleges, county government, and school districts.

Several pieces of legislation were passed that improved benefits to employees from Arizona's workers' compensation program.

S.B. 1186 extends, from 18 to 22 years old, the age dependents can receive death benefits, provided the recipient is a full-time student at an accredited educational institution. S.B. 1187, meanwhile, makes it easier for a claimant to have emergency surgery for a prior workers' compensation injury. The bill enables a person, up to seven days prior to surgery, to file a petition to reopen the case, amending the old legislation that required paperwork prior to surgery.

Another law, S.B. 1199, increases from \$10 to \$25 the amount given to dependents of an injured employee who

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is suffering from a temporary total disability, and deletes the provision requiring a person who receives the "allowance" be totally dependent on an injured employee.

Also, two related bills seek to give more relief to employees who have not been dealt fairly by employers and insurers concerning workers' compensation claims.

S.B. 1188 gives the Industrial Commission of Arizona (ICA) more enforcement power to settle claims with employees and collect money from employers when employers have no workers' compensation insurance and/or fail to respond to a request for a hearing. S.B. 1189, meanwhile, allows ICA the power to levy a \$500 benefit penalty or 25 percent of the benefit amount, whichever is more, when employees have been subjected to an unfair claims practice or bad faith on part of the employer or insurance carrier. Previously, the violation called for only a penalty of 25 percent of the benefit.

And finally regarding workers' compensation, H.B. 2173 lays the ground rules for filing a claim for employees who contract AIDS or the HIV virus as a result of "significant exposure" to the disease due to their job. This bill is primarily aimed at health care and law enforcement workers, and excludes contraction of the disease through sexual activity or illegal drug use.

There were also three bills enacted by the Legislature dealing with unemployment insurance — one increasing the maximum benefit paid, and the other two relating to administrative procedures.

H.B. 2592 raises, effective immediately, the maximum allowable benefit for unemployment insurance from \$155 to \$165 a week and the amount of income a claimant can make without reducing benefits, from \$15 to \$30 a week. With the weekly benefit increase, Arizona moved from 47th to 44th in ranking among all states, Washington D.C., Puerto Rico and the Virgin Islands.

S.B. 1378 allows a person going to a UI benefit hearing one excused absence (for any reason), provided the Department of Economic Security (DES) is notified 15 minutes in advance. Prior to this bill, a hearing was held to determine if the absence was valid; otherwise, the person's benefits could be canceled.

Also concerning unemployment insurance, DES was given a break when H.B. 2253 reduced the number of days — from 20 to 10 — needed to notify a UI claimant in advance

of an appeal. This was necessitated because DES has had problems completing appeal cases within 30 days as required by several state and federal regulations.

Other new laws passed and revised legislation deal with labor issues ranging from the employment of youth, to protection of whistleblowers, to fingerprinting of domestic shelter employees.

- H.B. 2245 expands the type of family members — who are in charge of and own at least own 10 percent of a business — that can employ a person under 18 years old and are exempt from certain state statutes relating to youth labor. Now, in addition to parents or legal guardians, a stepparent, grandparent, brother, sister, aunt, uncle, and first cousin is given the exemption.
- H.B. 2360 establishes training programs and certification procedures for employees working with asbestos, and requires ICA to develop and implement rules for reporting asbestos and mesothelioma diseases. Most of the law takes effect Oct. 1, 1991.
- H.B. 2680 establishes duties of the new State Board of Vocational and Technological Education. By Oct. 15, the new board is required to develop a statewide plan for vocational/technical training, and proposals for taxing employers as a regular funding source for the agency, as well as tax credits to businesses who provide vocational training.
- H.B. 2122 expands the application of the "whistleblower" statute covering state employees to include officers and employees of commissions, agencies, boards, universities, community colleges, county governments and school districts. The revised law also puts in some protections for employers, and decreases the civil penalty maximum — from \$25,000 to \$5,000 — for persons who retaliate against a whistleblower.
- S.B. 1242 requires fingerprinting of any workers of shelters for domestic violence, and requires that employees of these shelters cannot be awaiting trial or convicted of a certain crimes, many of which deal with sexual abuse.

(Continued on page 19)

The Arizona Labor Force in May

There is supposedly an old Chinese saying that goes, "May you live in interesting times." That saying fits well to Arizona's current economic situation. While nationally there appears to be storm clouds brewing, for the past year we have been enjoying relatively good times.

Analysts point to flat retail sales and little, if any, job creation to support their contention that the U.S. economy has lost its momentum; that the Gross National Product may be down in the third quarter; and that the Federal Reserve needs to push interest rates down.

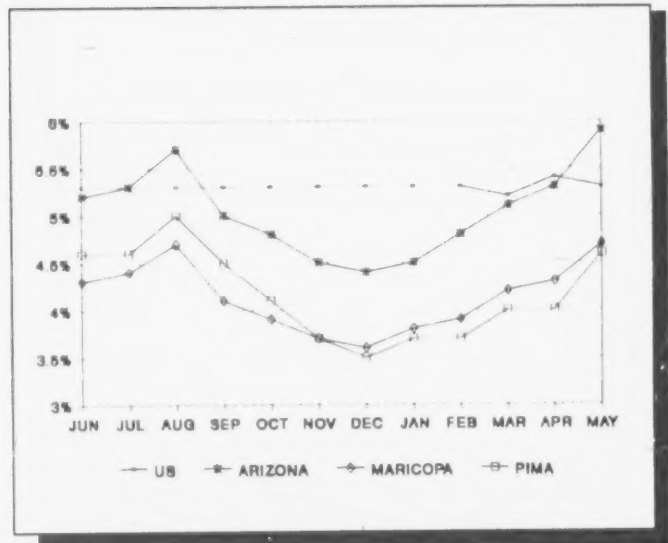
Meanwhile, the state has enjoyed healthy job growth of 51,200 (3.5 percent) over the last twelve months. And a recent national report that projects Arizona will be the second fastest growing state (behind Nevada) during this decade provides another reason to be optimistic.

But everything isn't coming up roses. Arizona's unemployment rate is up for the fifth consecutive month and the construction industry remains depressed, although there are more people working in the industry since the end of last year. Combined with a generally lackluster outlook for manufacturing as defense-related purchases are curtailed, there are reasons to view the future cautiously.

The unemployment rate rose last month in all areas of the state, except LaPaz and Mohave counties. Statewide, the unemployment rate increased from 5.3 percent in April to 5.9 percent in May. In Maricopa and Pima counties, the increases were from 4.3 to 4.7 percent and from 4.0 to 4.7 percent, respectively.

The increase in unemployment does not seem to be coming from people who are losing their jobs and then finding it difficult to obtain re-employment. Rather it seems to be a combination of students seeking summer employment and the entry of persons into the labor force who previously had not been looking for a job.

Figure 1. U.S., Arizona, and Maricopa and Pima Counties' Unemployment Rates, June 1989 - May 1990



At the employment-by-industry level, Arizona continues to do surprisingly well considering the potential problems that a slowdown in manufacturing and real estate could have produced. Manufacturing employment increased for the first time this year, adding 700 jobs in May. No one source of strength was evident. Both metropolitan areas of the state combined with the non-metropolitan areas to post this increase.

While the addition of 600 jobs in construction looks promising, that is less than the seasonal increase that usually occurs at this time of the year. Most of the jobs were added in the northern rural counties where weather conditions preclude work during much of the year.

When compared to employment over the last twelve months, 2,600 construction jobs (3.1 percent) have been lost. Even falling interest rates will be of slight benefit. The existing overhang of vacant property will temper future growth.

Retail and wholesale trade employers are enjoying only moderate growth. Of course, much of this is due to the time of the year and the fact that there is plenty of capacity in the local market.

The loss of 1,300 jobs in services is noteworthy — not because of the decline, but because it was not a larger de-

(Continued on page 14)

Arizona Labor Force

May 1990 (

	ARIZONA				
	May* 1990	Apr. 1990	May 1989	Amount Apr. - May	Change 1989 - 1990
TOTAL CIVILIAN LABOR FORCE**	1726.1	1714.4	1751.5	+11.7	-25.4
Total Unemployment	93.3	86.2	83.6	+7.1	+9.7
Rate	5.4	5.0	4.8	—	—
Rate (Sea. Adj.)***	5.9	5.3	5.2	—	—
Total Employment	1632.8	1628.2	1667.9	+4.6	-35.1

Note: Above Labor Force Statistics Should Not Be Used for Economic Assistance Programs

NONAGRICULTURAL WAGE AND SALARY

TOTAL WAGE AND SALARY	1513.6	1510.0	1462.3	+3.6	+51.3
Manufacturing	188.0	187.3	187.3	+0.7	+0.7
Durable Goods	142.6	141.9	142.5	+0.7	+0.1
Stone, Clay, and Glass	7.5	7.3	7.2	+0.2	+0.3
Primary and Fabricated Metals	15.6	15.6	15.4	+0.0	+0.2
Primary Metals	7.7	7.7	7.7	+0.0	+0.0
Fabricated Metals	7.9	7.9	7.7	+0.0	+0.2
Machinery	58.9	58.8	61.1	+0.1	-2.2
Aircraft and Missiles	27.2	26.8	26.0	+0.4	+1.2
Lumber and Wood Products (Excluding Furniture)	7.7	7.7	7.4	+0.0	+0.3
Nondurable Goods	45.4	45.4	44.8	+0.0	+0.6
Food and Kindred Products	9.7	9.8	9.4	-0.1	+0.3
Printing and Publishing	16.8	16.8	16.8	0.0	+0.0
Mining and Quarrying	12.7	12.7	11.9	0.0	+0.8
Copper Mining	9.7	9.7	9.2	0.0	+0.5
Construction	82.5	81.9	85.1	0.6	-2.6
Trans., Communications, & Public Utilities	80.3	80.4	76.4	-0.1	+3.9
Transportation	44.9	44.3	40.7	+0.6	+4.2
Communications and Public Utilities	35.4	36.1	35.7	-0.7	-0.3
Trade	377.3	376.5	365.0	+0.8	+12.3
Wholesale Trade	78.4	78.0	74.8	+0.4	+3.6
Retail Trade	298.9	298.5	290.2	+0.4	+8.7
General Merchandise and Apparel	45.1	45.1	43.8	+0.0	+1.3
Food Stores	48.7	48.8	48.5	-0.1	+0.2
Automotive and Service Stations	35.8	35.6	35.4	+0.2	+0.4
Eating and Drinking Places	107.4	107.7	103.4	-0.3	+4.0
Finance, Insurance, and Real Estate	94.4	94.3	92.3	+0.1	+2.1
Services and Miscellaneous	408.4	409.7	387.2	-1.3	+21.2
Hotels and Lodging Places	46.6	46.8	42.8	-0.2	+3.8
Business Services	75.4	75.8	72.8	-0.4	+2.6
Health Services	100.7	100.5	96.3	+0.2	+4.4
Government	270.0	267.2	257.1	+2.8	+12.9
Federal	49.6	48.5	45.3	+1.1	+4.3

* Preliminary

** Labor force, unemployment, and employment are reported by place of residence.

*** Normal seasonal variations have been eliminated to reflect underlying economic trends.

**** Business Services undergoes a series break between December 1987 and January 1988 as a result of the 1987 SIC realignment.

Unemployment and Employment

(in thousands)

MARICOPA COUNTY					PIMA COUNTY				
May*	Apr.	May	Amount Change		May*	Apr.	May	Amount Change	
1990	1990	1989	Apr. - May	1989 - 1990	1990	1990	1989	Apr. - May	1989 - 1990
1066.8	1061.9	1091.9	+4.9	-25.1	315.6	313.4	325.4	+2.2	-9.8
46.2	43.8	42.1	+2.4	+4.1	13.1	12.3	13.2	+0.8	-0.1
4.3	4.1	3.9	—	—	4.2	3.9	4.1	—	—
4.7	4.3	4.2	—	—	4.6	4.0	4.5	—	—
1020.6	1018.1	1049.8	+2.5	-29.2	302.5	301.1	312.2	+1.4	-9.7

UNEMPLOYMENT BY PLACE OF WORK

996.0	994.0	964.7	+2.0	+31.3	257.8	257.3	251.6	+0.5	+6.2
139.6	139.3	133.7	+0.3	+0.9	27.0	26.7	28.1	+0.3	-1.1
107.1	106.9	106.4	+0.2	+0.7	21.4	21.2	22.6	+0.2	-1.2
4.5	4.5	4.3	0.0	+0.2					
10.7	10.6	10.5	+0.1	+0.2					
48.5	48.6	49.9	-0.1	-1.4					
32.5	32.4	32.3	+0.1	+0.2	5.6	5.5	5.5	+0.1	+0.1
6.8	6.7	6.4	+0.1	+0.4					
12.1	12.1	12.2	0.0	-0.1					
1.0	1.0	0.9	0.0	+0.1	2.2	2.2	2.0	+0.0	+0.2
54.4	54.2	57.3	+0.2	-2.9	14.6	14.5	15.2	+0.1	-0.6
56.3	56.1	53.2	+0.2	+3.1	9.6	9.5	9.6	+0.1	+0.0
33.8	33.3	30.1	+0.5	+3.7	4.9	4.8	4.9	+0.1	+0.0
22.5	22.8	23.1	-0.3	-0.6	4.7	4.7	4.7	+0.0	+0.0
253.9	253.5	246.5	+0.4	+7.4	59.9	59.8	58.1	+0.1	+1.8
62.6	61.9	59.8	+0.7	+2.8	7.9	7.8	7.6	+0.1	+0.3
191.3	191.6	186.7	-0.3	+4.6	52.0	52.0	50.5	+0.0	+1.5
28.1	28.2	27.5	-0.1	0.6	6.7	6.8	7.1	-0.1	-0.4
31.3	31.3	30.9	0.0	+0.4	7.9	7.9	8.1	0.0	-0.2
22.8	22.7	22.4	+0.1	+0.4	5.7	5.7	5.8	0.0	-0.1
68.3	68.8	66.1	-0.5	+2.2	20.1	20.1	19.2	0.0	+0.9
75.9	75.8	74.0	+0.1	+1.9	11.4	11.4	11.4	0.0	+0.0
275.8	277.2	261.8	-1.4	+14.0	74.8	75.2	71.3	-0.4	+3.5
28.7	29.2	25.9	-0.5	+2.8	7.0	7.1	6.6	-0.1	+0.4
60.5	60.8	59.3	-0.3	+1.2	10.2	10.3	9.5	-0.1	+0.7
65.3	65.1	62.7	+0.2	+2.6	21.8	21.8	21.0	0.0	+0.8
139.1	136.9	132.3	+2.2	+6.8	58.3	58.0	55.9	+0.3	+2.4

NOTE:

Prepared by Arizona Dept. of Economic Security, Research Administration, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics.

Nonmetropolitan Counties Labor Force and Employment May 1990

	Apache	Cochise	Coco- nino	Gila	Graham	Green- lee	La Paz
CIVILIAN LABOR FORCE*	14,925	36,950	46,725	13,000	8,275	2,875	6,500
Total Unemployment	1,975	2,450	2,800	1,225	575	200	350
Rate	13.2%	6.6%	6.0%	9.4%	6.9%	7.0%	5.4%
Rate (Seas. Adj.)**	16.5%	7.2%	7.1%	10.7%	7.8%	7.7%	6.6%
Total Employment	12,950	34,500	43,925	11,775	7,700	2,675	6,150

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED
FOR ECONOMIC ASSISTANCE PROGRAMS

TOTAL WAGE AND SALARY	15,825	27,000	44,500	11,500	5,225	2,900	3,950
Manufacturing	900	1,250	3,375	1,475	225	25	250
Mining & Quarrying	50	175	325	1,325	0	1,675	75
Construction	600	700	1,925	400	150	100	200
T.C.P.U.	2,000	1,825	3,225	400	175	50	150
Trade	1,950	5,850	10,100	2,625	1,375	250	1,225
F.I.R.E.	450	675	725	300	125	25	100
Services & Misc.	4,650	5,100	11,800	2,175	850	150	1,025
Government	5,225	11,425	13,025	2,800	2,325	625	925

	Mohave	Navajo	Pinal	Santa Cruz	Yavapai	Yuma
CIVILIAN LABOR FORCE*	37,350	28,775	39,600	12,225	40,350	56,225
Total Unemployment	1,900	2,550	3,050	1,475	1,850	13,525
Rate	5.1%	8.9%	7.7%	12.1%	4.6%	24.0%
Rate (Seas. Adj.)**	5.5%	11.1%	8.2%	16.3%	4.9%	18.7%
Total Employment	35,450	26,225	36,550	10,750	38,500	42,700

THE ABOVE LABOR FORCE STATISTICS SHOULD NOT BE USED
FOR ECONOMIC ASSISTANCE PROGRAMS

TOTAL WAGE AND SALARY	27,100	22,850	30,125	11,600	28,500	28,725
Manufacturing	2,525	1,950	3,875	1,150	2,250	2,175
Mining & Quarrying	50	1,200	3,700	0	850	75
Construction	3,250	1,350	600	375	2,450	1,375
T.C.P.U.	1,150	1,675	1,050	750	1,075	950
Trade	8,375	4,400	6,075	5,125	7,825	8,275
F.I.R.E.	1,200	425	850	300	975	950
Services & Misc.	6,150	5,425	4,650	1,975	7,050	6,800
Government	4,400	6,425	9,325	1,925	6,025	8,125

* Adjusted to the Current Population Survey (CPS) to reflect place of residence.

** Seasonal adjustment not applicable for economic assistance programs.

T.C.P.U. = Transportation, Communications, and Public Utilities

F.I.R.E. = Finance, Insurance, and Real Estate

Prepared in conjunction with the U.S. Department of Labor, Bureau of Labor Statistics.

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Arizona**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989
Manufacturing	410.00	406.63	404.33	41.0	40.3	40.8	10.00	10.09	9.91
Aircraft & Missiles	636.47	613.36	591.91	45.3	44.0	43.3	14.05	13.94	13.67
Food & Kindred Prod.	334.80	335.23	341.25	40.0	39.3	40.1	8.37	8.53	8.51
Primary Metals	466.49	461.55	511.43	38.3	36.4	39.1	12.18	12.68	13.08
Machinery	376.65	366.66	400.36	38.2	37.8	40.4	9.86	9.70	9.91
Copper Mining	602.48	594.51	558.95	44.3	44.3	43.6	13.60	13.42	12.82
Construction	446.25	434.16	422.18	37.5	36.7	35.9	11.90	11.83	11.76
Utilities	741.04	769.05	667.89	44.4	44.3	40.7	16.69	17.36	16.41
Retail Trade**	255.84	260.57	249.24	32.8	32.9	33.1	7.80	7.92	7.53
Wholesale Trade	376.11	383.13	371.70	38.3	38.7	38.8	9.82	9.90	9.58

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Maricopa County**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989
Manufacturing	428.45	422.99	421.83	41.0	40.4	40.6	10.45	10.47	10.39
Construction	460.66	454.85	438.26	37.3	36.8	36.4	12.35	12.36	12.04
Retail Trade**	265.79	270.25	264.18	33.1	33.2	34.0	8.03	8.14	7.77
Wholesale Trade	389.13	404.30	393.42	38.3	38.8	39.5	10.16	10.42	9.96

**Estimated Hours and Earnings of Production
Workers in Selected Industries
Pima County**

INDUSTRY	AVERAGE WEEKLY EARNINGS			AVERAGE WEEKLY HOURS			AVERAGE HOURLY EARNINGS		
	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989	May* 1990	Apr. 1990	May 1989
Manufacturing	353.35	346.08	360.99	37.0	35.9	37.8	9.55	9.64	9.55
Construction	396.36	382.70	389.39	36.7	35.8	36.7	10.80	10.69	10.61
Utilities	589.42	587.85	578.69	39.4	39.4	41.1	14.96	14.92	14.08

* Preliminary.

** Excludes eating and drinking places.

Note: These estimates are based on a sample of full- and part-time production and related employees whose payroll and hours are reported for the pay period which includes the 12th of the month. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Arizona Labor Force and Employment for Economic Assistance Programs May 1990

<u>County</u>	<u>Civilian Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
Statewide	1,726,110	1,632,845	93,265	5.4%
Apache	14,925	12,947	1,978	13.3
Cochise	36,937	34,496	2,441	6.6
Coconino	46,734	43,925	2,809	6.0
Gila	12,977	11,763	1,214	9.4
Graham	8,272	7,699	573	6.9
Greenlee	2,873	2,669	204	7.1
La Paz	6,505	6,149	356	5.5
Maricopa	1,066,792	1,020,583	46,209	4.3
Mohave	37,359	35,454	1,905	5.1
Navajo	28,783	26,221	2,562	8.9
Pima	315,580	302,452	13,128	4.2
Pinal	39,584	36,542	3,042	7.7
Santa Cruz	12,234	10,756	1,478	12.1
Yavapai	40,337	38,493	1,844	4.6
Yuma	56,217	42,696	13,521	24.1

These figures are the only official BLS labor statistics to be used for revenue sharing purposes. They are not designed to be used as economic indicators.

NOTE: Series for Yuma and La Paz counties start January 1983. Data are not comparable to any past series.

The Arizona Labor Force in May

(Continued from page 9)

crease. The coming of warm weather, the end of tax season, and a multitude of other factors were expected to push employment down by about 3,000. Hotels, business services, and personal services, among others, usually record large losses at this time of the year.

Finally, government employment was up 2,800 jobs (1.0 percent) in the last month, well above the normal increase of 500 (0.2 percent). The large jump was due primarily to the

addition of 850 census workers, as well as summer recreational programs and youth employment projects taking hold.

The outlook for Arizona's economy is good, though it is hard to characterize it as "explosive." If the national economy does record a slowdown, it will be difficult for the state to remain isolated. But the underlying structure and fundamentals of our economy are solid. The near-term outlook for Arizona is more of the same.

Interesting?

—Dan Anderson
RA Administrator

Report Urges Job Funds for Displaced Homemakers

Following are brief summaries of news stories compiled from a variety of sources relating to labor issues affecting the nation and Arizona.

A rapidly growing population and lack of job training are two reasons cited in a recent report why additional funding is needed for displaced homemakers. The report, "The More Things Change ... A Status Report on Displaced Homemakers and Single Parents in the 1980s," urges passage of federal legislation that would "tailor and expand services to displaced homemakers, including counseling, career assessment, child care and transportation," says an article in *Vocational Training News*, a weekly report on employment, training, and vocational education.

The report says that despite the rising percentage of displaced homemakers finding work (33 to 43 percent) over the last decade, most employment is part-time, and one-third of displaced homemakers currently live below the poverty line, according to *Vocational Training News*.

The authors of the report, the National Displaced Homemakers Network, were pushing for \$75 million in funding for job support and training under an amended Job Training Partnership Act (JTPA), before Congressional support backed off. The group is now pushing legislation that only deals with displaced homemakers, including additional money for adult dependent care, classes in English as a second language, and housing assistance and health care information.

Copies of the report are available by writing to: National Displaced Homemakers Network, 1411 K St., NW, Suite 930, Washington D.C., 20005; or calling (202) 628-6767.

U.S. Lags in Training Non-College-Bound Youth

A General Accounting Office (GAO) report says the United States is deficient in training non-college-bound youth for work in comparison to other highly industrialized nations, according to an article in *Vocational Training News*.

The GAO report, "Training Strategies: Preparing Non-college Youth for Employment in the U.S. and Foreign Countries," says U.S. expenditures on non-college-bound youth are less than half of what is spent on college youth. In addition, the GAO suggests that Congress expand preschool and early intervention programs (e.g., Head Start), legislators create equitably financed school systems, and schools tailor programs to reflect local needs.

The report, which did not look at potential costs or funding sources, urges the U.S. Education and Labor departments to take the initiative in helping state and local governments "to

NEWS IN BRIEF

work more effectively to equip U.S. non-college youth" for work. A free copy of the report is available by writing to: General Accounting Office, P.O. Box 6015, Gaithersburg, Md., 20877; or calling (202) 275-6241.

Child Labor Violations on Rise Since '83

Another GAO report released in May says child labor violations increased 145 percent from 1983 to 1989, according to an article in *Employment and Training Reporter*, a weekly publication that follows labor issues. The report, "Child Labor: Increases in Detected Child Labor Violations Throughout the United States," was not able, however, to determine the cause of the increase or estimate the number of work-related injuries and illnesses suffered.

Due to the study, federal legislation has been proposed to toughen child labor laws, including increased documentation of wages and hours, and higher penalties per violation. Among the findings of the report were: 22,500 illegally employed minors in '89 versus 9,200 in '83; of 29 work-related deaths of minors in fiscal years 1987 and '88, 11 involved safety and health standards and possible labor violations; at least 30,000 illnesses and injuries were reported in '88 from half the states.

Five copies of the report are available for free by contacting the GAO (see prior story).

Program to Help Improve Basic Skills, Literacy

The Labor Department and American Bankers Association have joined together on a project that is designed to improve basic skill levels of employees in banking and other U.S. industries. The program, called Performance 2000, initially will train newly hired bank tellers and is divided into three phases: basic skills and workplace literacy; technical training in core job functions; and structured on-the-job training.

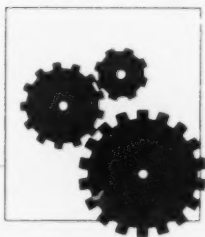
The third phase will include the use of performance coaches — primarily head tellers — to give workers structured learning exercises that can be used in their everyday experiences on the job. The ABA and Labor Department will compare results from this project against traditional training and use that information in planning future training.

The project will get under way this fall and will involve seven operations around the country. Performance 2000 is the first of four private sector programs supported under a \$750,000 grant funded by the DOL's Employment and Training Administration's Office of Work-Based Learning (OWBL).

New Developments

"New Developments" is featured each month as a service to our readers. This section is a compilation of public announcements and articles from newspapers and periodicals about events significant to Arizona labor markets. Due to space limitations, however, an exhaustive list of business news is not possible. In addition, the Arizona LMI Newsletter is not responsible for incorrect information reported by these sources.

MANUFACTURING — McDonnell Douglas Helicopter Co. announced in mid-July that it was eliminating 800 positions at its Mesa and Culver City, Calif., plants, as part of 17,000 planned cuts nationwide due to a series of financial and production problems. Three hundred full-time and temporary positions were cut immediately from a work force of 5,100 in Mesa, with a total of 400 more jobs in Mesa and Culver City expected to be phased out over the rest of the year. Since May 1989, McDonnell Douglas has eliminated 1,600 jobs at the two plants. The average salary at the helicopter company is \$36,000.



A Scottsdale manufacturer of computer magnetic tape, **Data-Mag**, has filed for reorganization under U.S. Bankruptcy laws. The company, which lost nearly \$4 million in the year ending Sept. 30, 1989, makes backup memory tapes. No information on how the reorganization will affect employment was announced.

Special Devices Inc. of Newhall, Calif., which supplies materials for TRW Inc.'s air-bag-manufacturing plant in Mesa, is studying a move to that city. The relocation of Special Devices, which is looking at a 14-acre site at Falcon Industrial Park for office and assembly space, could lead to employment of 150.

Delco Electronics and Hughes Aircraft Co. have announced a joint venture to build high-tech microwave integrated-circuit chips for automotive and military radar applications. The new company, called **H E Microwave**, will produce the microwave modules at Hughes' manufacturing plant in Tucson, is expected to lead to employment of 750 by 1998. Prototype manufacturing will begin in September with about 25 assembly, testing and technical workers, with salaries ranging from \$9 to \$15 an hour.

Although there were promises by developers of 1,000 new jobs when **Bombardier Inc.** of Montreal announced a few months ago it was purchasing Wichita, Kan.-based **Learjet**

Inc., some of those hopes were dashed recently — at least for the time being. Bombardier says Learjet's manufacturing facility in Tucson, which employs 350 workers, isn't likely to grow for the foreseeable future. There is the potential, however, for some additional products — relating to mass-transit, aerospace and recreation — being produced at Learjet's facility at Tucson International Airport, the company says.

SERVICES — The largest Valley hospital employer, **Samaritan Health Services of Phoenix**, has laid off 182 employees, all at its corporate offices, as part of the first of several cost-cutting measures. The cuts, which will save Samaritan \$4.1 million in salaries and benefits, represent nearly 25 percent of the company's corporate work force and 2 percent of its overall employment of 9,000 in metropolitan Phoenix. A total of 85 full-time and 97 part-time jobs were eliminated in the areas of construction, human resources, and planning.



Auto Giant Warehouse may resemble a major retail chain more than an auto-service store when it opens its doors this summer in the former location of a Home Express store near MetroCenter. Featuring 56,000 square feet of space and 20 service bays, the car-maintenance business will offer repair service, oil change and lubes, tires, and parts, and is expected to employ 185 workers. This is the second location for Auto Giant, based in Long Beach, Calif.

CIGNA Corp. has chosen the Valley for the Western regional headquarters of a subsidiary, **Employee Benefits Co.** About 100 jobs will be created by Employee Benefits, which is expected to begin operation in August or September. A portion of the the company's employees will come from other CIGNA offices and some will be hired locally.

The equivalent of 100 full-time positions were expected to be eliminated by the **Yuma Regional Medical Center (YRMC)** in mid-July due to low occupancy, increasing costs of health insurance, and shorter hospital stays. All departments at YRMC will be affected, but no nurses or doctors are being laid off. YRMC, which raised rates 8 percent last October, has an occupancy rate of 58 percent. The hospital also plans to put on hold construction plans for a mental health unit and expansion of its medical tower.

The **Rehab Institute of Tucson**, the first stand-alone rehabilitation facility in southern Arizona, was expected to open in early July and employ 120 people, mainly profes-

(Continued on page 17)

(Continued from page 16)

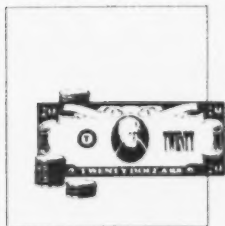
sional medical workers. The \$10 million, 78,400-square-foot hospital, located on the northeast corner of the Tucson Medical Center campus (North Craycroft and East Grant roads), is owned by Rehab Systems Co. of Camp Hill, Pa. The new facility, which is expected to have 250 employees when its fully operational in September, will focus on patients needing rehabilitation from strokes, cardiac disease, arthritis, and brain and spinal cord injuries.

FHP Inc., a health-maintenance organization based in Tempe, announced it plans to add four medical facilities — three of which will be in west Phoenix, Mesa and Tucson — within the next six to eight months. FHP, which will spend about \$10 million on the new buildings, would not estimate the employment impact, but a recent facility that opened in central Phoenix employs 15 workers.

Nearly 1,000 new hotel rooms have been announced, are under construction or will open in 1990, bringing to 4,500 the number of hotel rooms in the Flagstaff area, according to the Flagstaff Chamber of Commerce in its July newsletter, *FlagstaffToday*. The Chamber publication also says demand for rooms increased 10.4 percent in 1989, but because of the increased supply of rooms, occupancy rates will fall slightly, to around 72 percent this year and 71 percent in 1991.

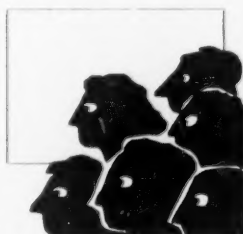
Both of the state's two metropolitan areas are trying to lure an additional major downtown hotel. A recent study by the Phoenix & Valley of the Sun Visitors and Convention Bureau concludes a **third major hotel** is needed for downtown Phoenix. An 800- to 1,000-room hotel would bring \$400 million in construction and indirect spending and tax revenue, as well as 1,000 jobs during construction and 500 jobs once the project is complete, the study reports. There are now 1,300 hotel rooms in downtown Phoenix, which is between 30 percent and 60 percent lower than most major cities in the West. Meanwhile, a study by the accounting firm of Deloitte and Touche says an additional 350 to 500 rooms are needed near the recently expanded Tucson Convention Center. Currently, a 300-room Holiday Inn is the only major hotel near the center, and the city of Tucson is requesting proposals for another hotel.

FINANCE, INSURANCE AND REAL ESTATE — Despite a sluggish Arizona real estate market, home sales for the year-ending June 30 for the Sun City retirement communities in the northwest Valley and north Tucson were up 12.4 percent. Closings in that period increased in Sun City West from 655 to 672, and in Sun City Tucson, from 150 to 233.



The **Resolution Trust Corp. (RTC)**, handling the takeover and sale of failed savings and loans, says Phoenix-based **MeraBank** should be sold, probably to an out-of-state group, by the end of September. The state's largest thrift, MeraBank, has 66 branches in Arizona and 10 in Texas with assets of \$6.4 billion. Two other Arizona thrifts, Western Savings and Sentinel Savings, were recently sold by the RTC, but the future of several other thrifts in the state is still undecided.

TRADE — Step right up. The new \$4 million, 38,000-square-foot **Metro Midway and Discovery Center** at



MetroCenter, Interstate 17 and Dunlap Avenue, has opened for business. The midway — which features an old-fashioned carousel, high-tech games, and assorted carnival attractions — replaces an ice-skating rink and is hoped to bring a 10 percent increase in mall traffic. Two other retail shopping centers — Super-

stitution Springs Center in Mesa and Scottsdale Galleria — will open in the fall and spring, respectively, and are also planning entertainment areas.

Fort Worth-based **Pier 1 Imports** plans to make changes in its present locations in Phoenix and Tucson and expects to add six to eight stores in the state — five in the Valley — by the end of the decade. The home-furnishings retailer says it will open a larger store in Tucson on Broadway Road in July, replacing its nearby location, while a location on McClintock Drive in Tempe may stay open despite original plans to close it down when a Mesa store on Southern Avenue opened in June.

Albertson's Inc. was scheduled to open its fifth grocery store in the Valley in July — at the Westridge Shopping Center, 75th Avenue and Thomas Road — and plans to have completed another four stores in the Phoenix area by the end of the year, and 20 by the end of 1992. The four supermarkets being built are in Mesa (Val Vista Road and University Drive), Peoria (83rd Avenue and Peoria Road), and Phoenix (Ray Road and 48th Street, and 19th Avenue and Indian School Road). The Boise, Idaho-based supermarket chain also recently received approval for a 63,000-square-foot store in the planned Scottsdale Crossing shopping center, Scottsdale and Thomas roads.

Mr. Gasket Co., a leading manufacturer and distributor of automotive-replacement parts, announced it's building a national distribution center in Tempe, which is expected to employ 70 to 80 people. The Cleveland-based company, which currently employs 50 at its office and warehouse at the

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Broadway Industrial Park in Tempe, also plans to expand existing warehouse space at the industrial park to accommodate the move of its Cragar wheel- and tire-distribution center to that location. All told, Mr. Gasket is expected to have more than 200 employees in the Valley within a few years.

Phoenix-based **Yellow Front Stores**, which filed for federal bankruptcy protection earlier in the year, was down to six stores in late June, five in rural Arizona and one in New Mexico. The general-merchandise chain had as many as 170 locations two years ago, including 26 in the Phoenix area, but had problems of late due to increased competition from stores such as Wal-Mart. There is speculation that Yellow Front may reappear as a small chain called Bargain West.

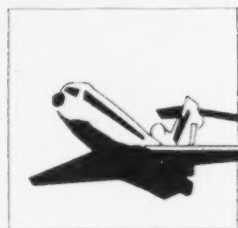
About 65 percent (96,000 square feet) of space has been leased at a retail district at the Arizona Center, a \$515 million project in downtown Phoenix that also includes two 20-story buildings. The retail area, called **The Shops**, is expected to be 100 percent leased when it opens Nov. 15 and will include a variety of stores and restaurants. One of the high-rises opened last year and is occupied by Arizona Public Service Co., while the other building will open this fall and be home to Pinnacle West Corp.

Ninety-five employees lost their jobs in late June when **The O'Malley Cos.**, a Phoenix-based building and supply company, closed its five remaining stores, all in the Valley. Increased competition from home-building chains forced the 80-year-old chain to sell the retail business to a San Francisco company, Levin Group, but O'Malley's plans to continue its wholesale operations. Previously, O'Malley's closed five stores in Arizona and one in El Paso.

About 200 jobs are expected to be created by opening of a 110,000-square-foot **Price Savers** store in Phoenix, at 48th and Madison streets. The scheduled opening of the wholesale-retail chain's fourth Valley location is in mid-November.

Home Depot Inc. is building a lumber distribution center on the **Gila River Indian Community** near Chandler to serve the Atlanta-based chain's nine stores in the state. The 30,000-square-foot warehouse is expected to be completed in six months. No information is available on employment.

TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES — Due to strength in its long-distance calling programs, **American Telephone and Telegraph Co.** (AT&T) plans to add 500 jobs in the Phoenix metropolitan area by the end of the year. The primarily clerical and customer-service positions will be located in Ahwatukee and



Mesa and pay about \$12,000 annually. Additional information about the jobs is available by calling 1-800-336-3128.

AiResearch Tucson Division was expected to lay off 130 workers — 10 percent of its work force — by July 27 due to order cancellations and requests to delay production. The cutbacks come on the heels of work reductions last October (81) and in February (47). A division of Allied-Signal, AiResearch produces electronic equipment for military and commercial aircraft.

Continental Airlines has eliminated the Phoenix and Tucson areas from consideration for a aircraft maintenance facility. Continental, of Houston, had picked the Arizona cities as two of 13 potential sites for the facility expected to generate 5,000 jobs, the airline said. Four Texas cities, Shreveport, La., and Denver are the remaining candidates for the maintenance center.

Phoenix-based **America West Airlines** continues to fly high in terms of job growth, and it recently announced that the city of Phoenix, Maricopa County, and the state had agreed to loan the airline \$48 million for primarily expanding its hangar and maintenance operations. The airline, which reported a 20 percent increase in air traffic for the six months ending June 30, has been adding about 100 employees a month to its payroll and the new facilities are expected to increase employment by 4,000 by 1997. America West presently employs 8,500 of its 12,500 work force in the Valley.

In an effort to cut expenses and lower utility rate requests, **Arizona Public Service Co.** is cutting \$575 million from its construction and equipment budgets through 1994, as well as making plans for eliminating jobs. The job reduction would be the third since 1988 for APS, which currently has a work force of 7,700. Pressure from an attempted takeover by Pacific Corp., a utility from Portland, Ore., along with the Valley's economic slowdown, has forced the state's largest utility to make changes.

CONSTRUCTION — Wal-Mart Corp. has taken over development of the **Palo Verde Village** shopping center in Yuma, where it was building a 110,000-square-foot Wal-Mart department store and 22,000-square-foot Factory 2-U store. Omega Development Corp. of Tulsa, Okla., was constructing the rest of the 22,000 square feet to be occupied by 30



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specialty stores. Wal-Mart, which will employ 245 workers, and Factory 2-U are expected to open in November.

MISCELLANEOUS —Arizona, along with Missouri and Washington, are three states expected to be hit hard by projected Defense Department cuts, according to the **Council on Economic Priorities**, a non-profit research group in New York. Arizona could lose as many as **37,000 defense-related jobs**, the group says, but several economists in the state say the impact may be minimal because defense-related workers make up only a small part of Arizona's economy.

The state has hired **SRI International** of Menlo Park, Calif., to develop the first phase of a strategic economic development plan for Arizona. SRI, which will develop a process for coordinating development, retention, formation and recruitment of business, is expected to complete its work by early next year. Formerly known as Stanford Research Institute, SRI has worked with 37 states and 14 foreign countries on economic development plans.

BLS Releases 1990-91 Edition of Occupational Outlook Handbook

The 1990-91 edition of the *Occupational Outlook Handbook*, a valuable resource on occupations, as well as the current and future job market, was recently released by the U.S. Department of Labor, Bureau of Labor Statistics (BLS).

Published every other year for more than four decades, the updated publication includes: in-depth profiles of 250 occupations; brief summaries on 80 additional job categories; easy-to-read graphs and tables illustrating the handbook's major points; and chapters on where to go for additional employment information and leads, and tomorrow's jobs.

The heart of the BLS guide (more than 400 pages), however, are the job profiles. From architects to zoologists, the handbook breaks down individual occupations by focusing on several primary areas: type of work and conditions, required training and qualifications, current and future employment outlook, earnings potential, related occupations, and sources of additional information.

The *Occupational Outlook Handbook* can be purchased by sending a check or money order, made payable to the "Superintendent of Documents," to the U.S. Government Printing Office, Superintendent of Documents, Washington D.C. 20402. Cost is \$19 for the soft cover edition and \$30 for a hard cover volume. Additional information is available by calling the U.S. Government Bookstore in Pueblo, Colo., at (719) 544-3142.

Child-Care Bill Tops Labor Laws Passed in '90 Arizona Session

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- S.B. 1176 allows an employee who works part-time for two or more Arizona State Retirement System (ASRS) members to combine the salaries in order to qualify for membership in ASRS. The legislation also closes a loophole in the current law to prevent retired ASRS members who are receiving benefits from returning to work full-time for an ASRS member.
- H.B. 2263 extends the time school districts have to pay wages due to discharged teachers — from three to 10 calendar days — and makes changes in the disciplinary processes regarding certified teachers.

Of course, not all bills that are introduced in the Legislature see the light of a committee hearing or a floor vote. Among failing legislation during the 1990 session were bills that would have:

- limited to eight the number of hours per day underground mine workers could work, with few exceptions (e.g., emergencies), and given penalties to companies and supervisors violating the law's provisions.
- eliminated the taxation of overtime wages which, according to the bill's sponsors, would give employees more income and thus lead to increased spending and sales tax revenue, and thereby offset losses of income tax revenue for the state.
- allowed only one other level of government regulation (e.g., federal) when a business is subject to rules by the state Department of Environmental Quality.
- exempted businesses of fewer than 75 employees, and who have not offered group health insurance during the last six months, from providing some mandated benefits and services in health care policies (e.g., limiting the type of practitioners an employee can visit for certain illnesses).

—Brent Fine
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